APPENDIX I.

[Vide answer to short notice question No. 20 asked by Sri M. Kalyanasundaram at the meeting of the Legislative Assembly held on 18th March 1958, page 74 supra.]

Disparity in scales of pay and dearness allowances between Central Government employees and State Government employees holding comparable posts.

1. The recent decision of the Government of India to increase the pay of their employees by Rs. 5 per mensem as a measure of 'Interim Relief' has again brought to the forefront the problem cited above. As this problem has been a thorn in the flesh of State Governments for now nearly a decade, and as it threatens to get worse and worse, it is suggested that the matter should be discussed by the National Development Council. Hence this note. The facts set out in this note are taken from the experience of Madras State. They are likely to be matched by similar facts from many other States if not perhaps, all of them.

2. The size of the disparity in total emoluments (pay and allowances including dearness allowances) between Central Government employees and State Government employees in Madras State has been, until recently, of the order indicated by a few examples given below :

(i) Peons in the Central Services were paid from Rs. 70 to Rs. 75, while peons in the State Services were paid from Rs. 39 to Rs. 47. Extension as percentages of the latter, the disparity was over 70 per cent and ranged (in amount) from Rs. 28 to Rs. 31.

(ii) Peons in the Central Services were better paid than all attenders, all police constables, most elementary school teachers and some among the Police Head Constables in this State, as shown below :

Category.	Total emoluments.	
	Minimum.	Maximum.
	RS.	RS.
Attenders	46	57
Police Constables	52	65
Higher Elementary Grade teachers	52	75
Head Constables	65	98
Secondary grade teachers ..	70	117

(iii) Lower divisions clerks of the Central Services were paid from Rs. 110 to Rs. 190 in the mufassal districts, and Rs. 126 to Rs. 215 in Madras City. The corresponding range of total emoluments for lower division clerks of the State Services was Rs. 70 to Rs. 117 in the mufassal districts, Rs. 76 to 126 in non-Secretariat offices in Madras City and Rs. 82 to 136 in the Secretariat offices. At this level, the disparity was of the order of 50 to 60 per cent ranging (in amount) from Rs. 40 to Rs. 89.

(iv) Lower division clerks of the Central Services are better paid than upper division clerks of the State Services, whose range is Rs. 107 to Rs. 140 in mufassal districts.

(v) The story is the same about Postal and Railway employees. As these employees are distributed all over the countryside, they constitute a constant reminder of the disparities and cause continual irritation.

3. The low-paid employees of the Central Government are aggrieved because the cost of living goes up without equivalent increase in their dearness allowances; while industrial employees in the private sector get automatic increases of pay in consequence (and, in addition, substantial bonuses out of inflationary profits). There can be no doubt that the grievances of Central Government employees is legitimate and natural. But objective conditions are such that there is no way out of this situation, except by stabilising prices and the cost of living. This is a major problem falling outside the purview of this Note.

4. While the impact of this major problem is felt no less by the employees of the State Government than those of the Central Government, the grievance of State Government employees is aggravated by the wide disparity between the pay scales above referred to. In the endeavour to redress this grievance, the Government of Madras sanctioned increases of pay in two instalments, once in November 1956 and again in March 1957.

The effect of the first sanction was to level up total emoluments, on an average, by Rs. 5 per mensem. The combined effect of both sanction was to level up total emoluments by Rs. 12 per mensem.

5. It may be noted that even after the second sanction, the greater part of the disparity still remains. Even though the relief has been inadequate, the cost has been very high and it has had a serious adverse effect on the capacity of the State Government to finance its Development Plans.

(i) It is estimated that 160 thousand State Government employees, 46 thousand local body employees and 91 thousand teachers benefited by the sanctioned increases. The aggregate cost is Rs. 436 lakhs per annum. The cost for five years is nearly Rs. 22 crores as against Rs. 150 crores (which is the approved total cost of our State Development Plan). *Thus the shortage of resources for our Plan has been added to by over* 14 *per cent.*

(ii) The effect on that part of our Plan which relates to the Development of Education is still more striking. The pace at which the cost of Education was increasing from year to year at the end of the First Plan was such that Madras needed Rs. 15 crores in the Second Plan in order merely to maintain expansion at that tempo. Actually, the Educational Allotment was cut down to less than Rs. 12 crores, thereby entailing very difficult readjustments.

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As a result of increasing emoluments of teachers by Rs. 12 per mensem the annual expenditure on Education has been increased by Rs. 131 lakhs. The five-year cost is thus between Rs. 6 or Rs. 7 crores. In other words, well over one-half of the entire allotment for development of Education has been consumed by this increase of emoluments. The situation has been met by treating the bulk of the expenditure as Non-Plan expenditure on Education (thereby spreading the resulting shortage of resources over the entire development plan).

6. It is in this context that the news has been received that the Central Government have increased the pay of their employees by Rs. 5 per mensem as a measure of "Interim Relief"; thereby arousing the hope that further increases are coming. While the announcement has been greeted by Central Government employees with complaints about its inadequacy, the State Government employees are renewing the agitation which had temporarily died down. What is the answer to be given by the State Government to their employees? A difficult situation is arising and it is bound to develop unfavourably. It is necessary that there should be an all-India policy to be followed in unison by the Central Government as well as all the State Governments.

7. A major mistake was committed ten years ago when the Central Government accepted the recommendations of the First Pay Commission and set a pace which the State Governments could not follow. When the idea of setting up the Second Pay Commission was mooted, it was pointed out in the National Development Council that . . . .
it was inevitable that the repercussions should be felt by all the State Governments. Yet, the Second Pay Commission was appointed. 'Interim Relief' has been given. Everyone will be now looking forward to the Report of the Second Pay Commission and preparing, in advance, to agitate. The process has restarted whereby the Finances of all the State Governments must be upset.

8. It is suggested that the time has arrived when the mistake committed ten years ago should be rectified. Obviously, the employees of the Central Government who have already acquired service rights in respect of existing scales of emoluments, are entitled to the continuance of these scales. But there is no good reason why a sharp change should not be made with the least possible delay in respect of new entrants. *It is suggested that a policy of 'Regionalization' of non-Gazetted Central Services should be accepted in principle, worked out in detail, and put into effect* . . .

The non-Gazetted Establishments of the Central Government functioning in each State may be operated as a separate 'Regional' Unit. Direct recruitment may be stopped, and all future vacancies filled by temporary deputation [followed (after satisfactory temporary service) by permanent transfer] of selected personnel

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from the services of the State Government. Under such a system, existing scales of emoluments may be continued without diminution. The new system will operate as a new avenue of promotion for the State Services. This will remove the grievance about disparity of scales because the disparity will be maintained for the benefit of State Government employees. At the same time the new system will provide the Central Government Establishments with far more efficient personnel than they now secure by direct recruitment.

9. . . . It is true that many practical difficulties may have to be encountered, in the effort to bring about the changes proposed in paragraph 8 above. But these difficulties must be faced and overcome, for they cannot, by any means, be as serious as the difficulties into which the country is drifting, as a result of discontent among the Services. The discontent is provoked by rising prices and cost of living, and it is aggravated by the abnormal disparities. Really serious and effective measures must be devised in order to stabilise prices and cost of living. At the same time something must be done to reduce the abnormal disparities, or otherwise remove their evil effects on the morale of State Services. The suggestions about 'Regionalisation' of Non-Gazetted Central Service (made in paragraph 8 above) may be taken up for serious examination without delay, as one method of solving the latter problem.

10. Pending the final settlement of the difficult question on the foregoing lines, there is the immediate problem of the demand from State Government employees of further increase of pay corresponding to the 'interim relief' of Rs. 5 per mensem granted by the Central Government. It is necessary that the Central Government should agree to subsidise the State Government in respect of such relief as the State Government may have to grant. An early decision may be reached on this issue also and communicated to State Governments.

TRUTH ALONE TRIUMPHS

APPENDIX II.

[Vide answer to starred question No. 351 asked by Sri A. Govindasamy at the meeting of the Legislative Assembly held on 18th March 1958, page 79 supra.]

Resolutions concerning Government of the Fifth Conference of the General Body of the State Union of Panchayats held on 1st *and* 2nd *December* 1957.

Resolution No. 7.—Welcoming the proposal of Government to constitute Panchayat Block Unions and to transfer to them the powers of district boards but objecting to the transfer to the said Unions the powers, functions and funds vested in the individual panchayats under the 1950 Act and requesting that the Block Development Officer may be made Secretary of the Block Union.